

## Case Study for Evaluating Information: Validity, Reliability, Accuracy, Triangulation

Harold Nicholson provides a detailed narrative of the fall of the second Labour government in 1931 and its replacement by a National Government which was to last effectively until 1945 (Nicholson, 1953: 453–469)<sup>11</sup> The Labour Prime Minister, Ramsay MacDonald became the leader of the National Government in what became named by Labour party members as the great betrayal’.

Nicholson describes the relevant background as the rapidly deteriorating public finances caused during the worst years of the Depression when the demand for public expenditure on unemployment benefit etc. grew whilst income from taxation fell. In response to demands by the Conservative and Liberal parties (amplified by the Tory press), the Government formed an independent committee under Lord May. On 31 July 1931, May recommended substantial cuts of up to 20% in public sector salaries, 20% cut in unemployment benefit and reduction in the pay of the armed services to 1925 levels. But two, of the six May members, issued a minority report dissenting from May’s recommendations on the basis that the costs of the cuts would fall mainly on the working classes. Nicholson wrote that ‘The rank and file of the Labour party agreed whole heartedly with [the Minority Report]; MacDonald and Snowden [Chancellor of the Exchequer] did not’ (1953: 455). Nicholson reports how, later that day, MacDonald formed a five-man, special, Cabinet Economy Committee to consider how May could be implemented. The ‘Big Five’ consisted of MacDonald, Snowden (Chancellor), J. H. Thomas, Arthur Henderson and William Graham. The likely continuing withdrawal of deposits held in London meant that the government would be unable to fund the public sector deficit without support from bankers in Paris and New York. The bankers were unwilling to lend the money unless and until firm proposals were made to balance the UK budget. On 19 August, the Cabinet’s Economy Committee proposed cuts similar to the May report. Half the deficit would be met by reductions in unemployment benefit and public sector pay and the other by increasing taxation etc. According to Nicholson, the proposals were reluctantly approved by a majority of the Cabinet with the exception of transitional unemployment pay (1953:457). They suggested an additional revenue tariff which MacDonald told them would not be accepted by the Liberals. The TUC – which had created and funded the Labour party – met MacDonald on 20th August. The Council refused to accept cuts in unemployment benefit or public sector pay. On 22 August, MacDonald proposed a modified version of the programme – including a 10% reduction in unemployment pay – to the Cabinet. He obtained Cabinet support to ‘enquire’ of the Opposition leaders whether the revised proposals were acceptable.

The Opposition leaders responded that the overseas bankers support was critical to wider support for the package.

The King (George V) had been kept informed by MacDonald of the increasing crisis. He returned from Balmoral to London on 23 August when he was told by MacDonald that leading members of the Cabinet would not support the latest proposals (being considered by the bankers). The King decided that the 'correct constitutional course' would be to meet the leaders of the three main parties: MacDonald (Labour), Baldwin (Conservative) and Samuel (Liberal, as Lloyd George was in hospital). Nicholson describes how the King stated his preference for MacDonald and the Labour government to stay in office and to implement the cuts. If that were not practicable, then the best alternative would involve the formation of a National Government – headed by MacDonald – with a Cabinet drawn from three parties and commanding a sufficient majority in the House of Commons to approve the necessary legislation. The King met the three leaders separately who agreed to join a National Government if necessary. Once the crisis had been resolved, then new elections should be held.

Later that day, the Labour Cabinet met. After a long adjournment, they were advised by telegram from the Government's agents (the bankers, J. P. Morgan) that the necessary US public support for a public loan would be problematic until Parliament had approved the proposals. They suggested a short-term treasury loan. Finally, they enquired whether they were correct in assuming that the package proposed by the Cabinet had the support of The Treasury and City. But the Cabinet had not and would not approve the programme. Macdonald told them that he would report the divisions (eleven in favour: eight opposed) to the King whom he would ask to convene a meeting of the three party leaders. He would tell the King that the Cabinet had placed their resignations in his hands. He immediately reported to the King. Acting unilaterally, MacDonald began that night to plan the new Government with what Snowden described 'an enthusiasm which showed that the adventure was highly agreeable to him' (1953:465). On 24 August, the King met the three party leaders who agreed to form a National Government. MacDonald tendered his resignation. He was then invited to lead the National Government. He asked them to prepare a communiqué saying that the formation of the new government was being considered. The party leaders agreed that the new Government would not be a coalition but a 'co-operation of individuals'. MacDonald described the proposals to his Cabinet and invited them to join a new 'Cabinet of Individuals'. With the exception of J H Thomas, Lord Sankey and Philip Snowden, they declined.

Following the resignation of the Labour Cabinet, the new Cabinet was formed on 26th August with Baldwin as Vice-Premier.

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